

**Santa Clara Valley Medical Center Seismic Safety Project –
General Obligation Bond Measure**

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Est. Completion Date – TBD

Synopsis: State earthquake safety laws require the County to make substantial changes to Santa Clara Valley Medical Center's (SCVMC) facilities to retain the current level of service to the community. Almost half of SCVMC's inpatient acute care beds are in seismically compliant buildings; however, over half are not. Meeting the requirements of this legislation drove the development of the Seismic Compliance and Modernization Projects (SCMP). Absent SCMP, Santa Clara Valley Medical Center would be forced to close 272 beds, reducing its licensed acute care capacity to only 252 beds.

The substantial cost of the project (currently estimated at \$1.4 billion) is requiring several financing sources. Actions by the Board of Supervisors in November and December 2006 committed \$178 million in San Jose Delegated Redevelopment Agency Funds, Tobacco Securitization Funds and County Capital Funds to continue progress.

The Board of Supervisors took another important step in June by voting to put "Santa Clara Valley Medical Center's Seismic (earthquake) Safety Project" before the voters in November, which if approved will allow completion of Phase I of the project and meet the 2013 requirements. Approval of the General Obligation bond measure would provide \$790 million to help SCVMC comply with the state's earthquake safety law and also provide \$50 million in funding that would help replace outpatient medical services in downtown San Jose that were lost when San Jose Medical Center closed.

- **State Mandate** - Following the Northridge earthquake in 1994, the California Legislature passed a law requiring that, by 2013, hospitals in California be able to withstand a major earthquake. The law further requires that by 2030, hospitals be safe enough to continue operations following a major earthquake. The State passed this law without providing the necessary funding to help hospitals complete the work.
- **Community Impact –**
 1. **Overall** - Almost half of SCVMC's acute care beds are in seismically-compliant buildings; however, to comply with the law, SCVMC must replace 272 of its 524 total beds. If the Seismic Safety Project is not completed, SCVMC would be forced to close 272 of its 524 acute care beds, a 52% reduction in patient capacity. SCVMC is currently the largest provider of care in Santa Clara County – 25% of the residents of the County received care at SCVMC at some point during the last four-years. Closing 272 beds would mean nearly 11,000 people requiring

hospitalization in 2013 would be unable to access medical care at SCVMC. Santa Clara County already has among the lowest ratios of available hospital beds per 1,000 residents of any urban region in the nation.

2. **Specialized care** – In addition to being the largest provider in the County, for certain specialty services SCVMC is the only provider. SCVMC is one of only two burn-trauma centers north of Los Angeles. The hospital also has a nationally recognized spinal cord and head injury Rehab Center. And, SCVMC is a high level trauma center for both adults and kids. Closing 272 beds would likely force SCVMC to close these services.
3. **The Healthcare Safety Net** - California faces a health care crisis. More than 70 hospitals and emergency rooms closed in the last decade -- including San Jose Medical Center. Additionally, nearly 7 million Californians have no health insurance. This places even further strain on the healthcare safety net across the state. Between closures and the vast number of underinsured and uninsured people, this has caused a tremendous increase in demand at the remaining hospitals and emergency rooms. Just since the closure of SJMC, the number of doctor visits at VMC has increased by nearly 41,000 visits per year, many of which are to the emergency department. At the same time, County resources have become tighter, all county agencies have suffered budget cutbacks -- and SCVHHS has been forced to cut \$150 million just in the last two years. Availability of urgent care and expanded primary care services in downtown San Jose, possibly operated by an established local provider, would add much needed healthcare services capacity for the community. The proposed GO bond measure would provide \$50 million toward the construction of outpatient medical facilities downtown.

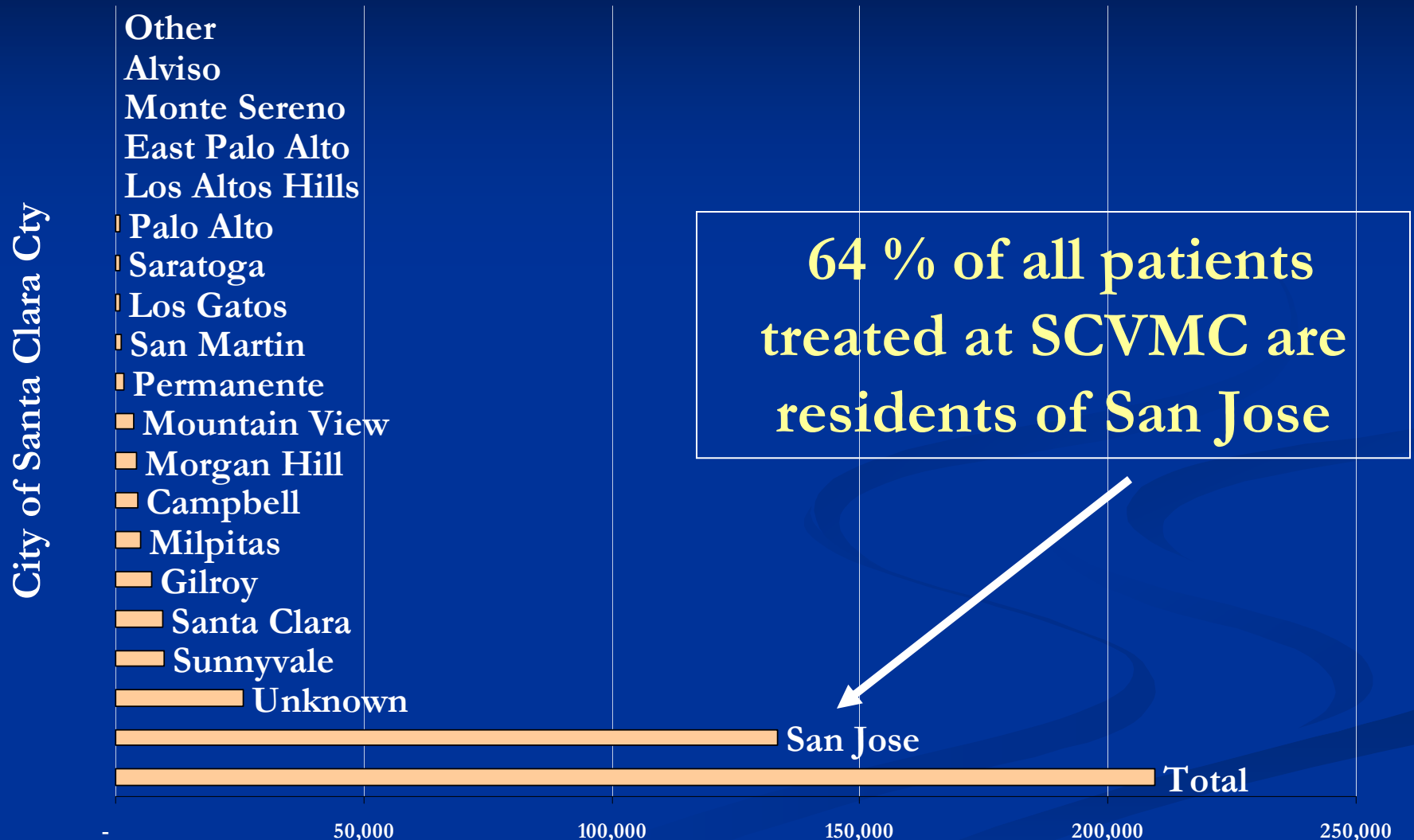
Santa Clara Valley Medical Center

AN ESSENTIAL ASSET AT RISK

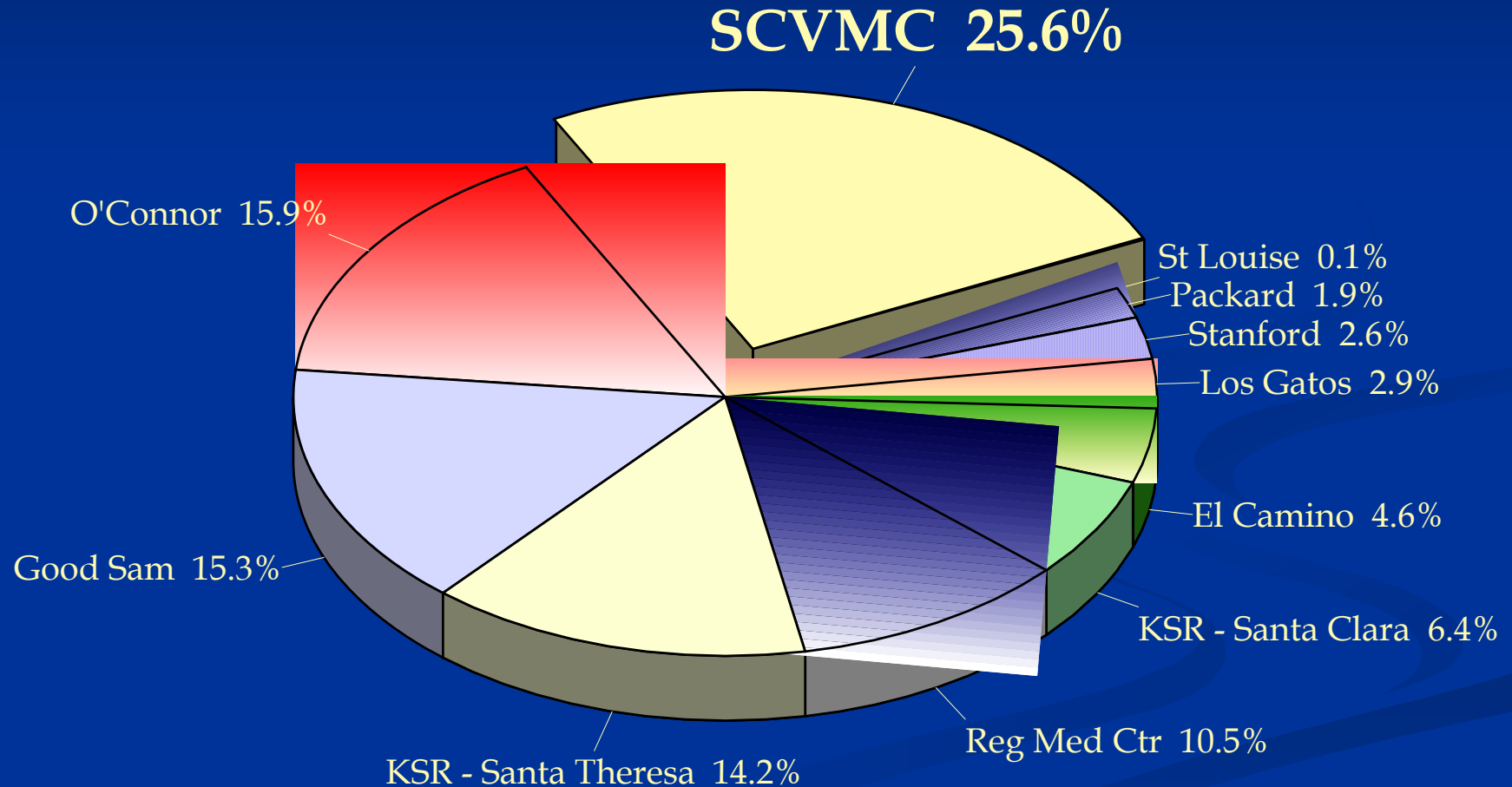
SCVMC: The Community's Largest Healthcare Provider

- SCVMC, Hospital and Clinics
 - Over 29,000 admissions/year
Average daily census 357 FY 08
 - Over 750,000 Ambulatory Care Visits
- Medical Group (~320 full-time salaried MDs)
- Valley Health Plan (65,000 enrolled lives)
- 1 in 4 residents of the County received care at SCVMC in the last four years

Most of the people cared for at SCVMC are from the City of San Jose



More Residents of San Jose are admitted to SCVMC than any to any other hospital.



Specialized Care

- Neonatal ICU - 600 high-risk newborns a year
- 76-bed, nationally recognized Rehab Center for spinal cord and brain injuries.
- Highest Level of Trauma Services for 5 county region.
- San Jose's Only Pediatric Trauma Center.



- Regional Burn Center, serving 250 patients this year.
- A national “Center of Excellence” - bio-terrorism, pandemic flu or natural disaster.

Hospital Closures and Changes

- 2004 Closure of San Jose Medical Center: 3 Years Ahead of Schedule
- Loss of Emergency Department
- Regional Medical Center: Termination of Medi-Cal Contracts: 2004 and 2006
- Los Gatos Community Hospital will no longer be leased and operated by Tenet effective June 2009. Seismic compliance is a reported concern. What is next ?

*Since CY 03, Census Changes at SCVMC:
4,800 more discharges, ADC + 43*

Santa Clara County Bed Supply

Santa Clara County in 2005 had among the lowest ratios of available hospital beds per thousand population of any urban area in the State or nation:

- **Santa Clara County:** 1.7
- Sacramento County: 2.3
- San Francisco County: 3.8
- King County (Seattle): 2.0
- Los Angeles County: 2.2
- US average: 2.8

Santa Clara Valley Medical Center

Seismic Safety Project

- SCVMC would be forced to close 272 of its 524 beds – a 52% reduction – as a result of a state mandate
- By 2013, some 11,000 people requiring hospitalization would be unable to access medical care
- **Closure of SCVMC Trauma Center and Burn Center**
- Dramatic increases in emergency room wait-times & ambulance diversions throughout the community
- Loss of virtually all surge capacity to respond to natural or human-caused disasters such as earthquakes, pandemic flu or terrorist attacks

Bed Building Phasing

Demolition of Outpatient, Administration and Old Hospital Buildings



Having a seismically safe SCVMC is critical but expensive.

- Total project cost = \$1.4 billion
- Phase 1 –
 - Meet 2013 requirement
 - 168 beds; all services continue
 - \$940 million – RDA funds, Tobacco Settlement Securitization, County General Fund – **and the General Obligation Bond.**
- Phase 2 - TBD

Measure A : Hospital Seismic Safety Projects and Medical Facilities in San Jose

- \$840M in General Obligation bonds for:
 - Santa Clara Valley Medical Center (\$790M)
 - Outpatient medical services in Downtown SJ (\$50M).
- Property owners will be charged less than \$14 per \$100,000 in assessed value which is about \$60-65/yr for the average homeowner.
- Prevents closure of over half (272) of Santa Clara Valley Medical Center's patient beds.
- Addresses Downtown outpatient needs since the closure of San Jose Medical Center

*“Having a significantly smaller
SCVMC will create an access crisis
and a financial impact for all
parts – public and private - of the
healthcare system in Santa Clara
County and beyond”*